

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-113-C - ORDER NO. 92-333
MAY 13, 1992

IN RE: Application of South Carolina Net, Inc.) ORDER
for a Certificate of Public Convenience) GRANTING
and Necessity.) CERTIFICATE

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of South Carolina Net, Inc. (S.C. Net or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. S.C. Net's Application was filed pursuant to S.C. Code Ann. §58-9-280 (1976) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed S.C. Net to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of S.C. Net's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. S.C. Net complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the South Carolina Department of Consumer

Affairs (the Consumer Advocate).

A hearing was commenced on April 16, 1992, at 10:30 a.m. in the Commission's Hearing Room. The Honorable Marjorie Amos-Frazier presided. M. John Bowen, Jr., Esquire, represented S.C. Net; Elliott F. Elam, Jr., Esquire, represented the Consumer Advocate; and Marsha A. Ward, General Counsel, represented the Commission Staff.

EVIDENCE FROM THE RECORD

S.C. Net is a South Carolina corporation which intends to provide interexchange telecommunications services and to resell the long distance telecommunications services it purchases from certificated carriers in selected South Carolina telephone exchanges. The stock of S.C. Net is held by Chester Long Distance Services, Inc., Farmers Long Distance, Inc., Horry Telephone Long Distance, Inc., and Community Long Distance, Inc. Where S.C. Net plans to resell long distance services, MCI will be its underlying carrier. Although it does not initially plan to offer operator services, S.C. Net may at some point provide operator services. S.C. Net does not seek authority to provide intraLATA service.

S.C. Net intends to utilize the maximum rate tariff structure for long distance services it sells. It will set its actual rates at or below these maximums. Should it provide service other than resold long distance service to other South Carolina certificated carriers, S.C. Net plans to charge the rates established by its tariff or to submit its agreement with its customer for Commission approval.

S.C. Net's shareholders state that, based on their individual percentage of ownership, they will provide the Company the funds it needs to provide service pursuant to a Certificate of Public Convenience and Necessity granted by this Commission.

After full consideration of the applicable laws, the Application, and of the evidence presented by the parties of record, the Commission hereby issues its findings of fact and conclusions of law.

FINDINGS OF FACT

1. S.C. Net is a corporation formed under the laws of the State of South Carolina which desires to provide nationwide interexchange service for its customers on an interLATA basis in South Carolina by purchasing or utilizing the service offerings and/or facilities of various interexchange carriers, facility based interexchange carriers and carriers' carriers certificated to render service in South Carolina and/or lease facilities from such carriers to render service to its customers.

2. S.C. Net has the experience, capability, and financial resources to provide the services as described in its Application and through its witness' testimony at the hearing.

3. Southern Bell and other local exchange carriers (LECs) should be compensated for any unauthorized intraLATA calls completed through S.C. Net's service arrangements.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a certificate of public convenience and necessity should be granted to S.C. Net to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs of facility-based carriers approved by the Commission.
2. That all intrastate intraLATA calls must be completed over intraLATA WATS, MTS, private and foreign exchange lines or any other service of facility based carriers approved for resale on an intraLATA basis. Any intraLATA calls not completed in this manner would be considered unauthorized traffic and the Company will be required to compensate LEC's for any unauthorized intraLATA calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.
3. In addition, the Commission concludes that a certificate of public convenience and necessity should be granted to S.C. Net to provide intrastate interLATA interexchange service for its customers by purchasing or utilizing the services and/or facilities of carriers' carriers.
4. S.C. Net may provide operator services for interLATA calls only. Any "0+" or "0-" intraLATA or local calls shall be handed off to the local exchange company.
5. The Commission adopts a rate design for S.C. Net for its

long distance resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate level with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communication Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). The Commission adopts S.C. Net's proposed maximum rate tariffs. Should S.C. Net provide service, other than resold long distance service, to other South Carolina certificated carriers, S.C. Net may either charge its customer the rates approved in its tariff or rates agreed to between itself and its customer and which have been approved by the Commission.

6. S.C. Net shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. S.C. Net shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of S.C. Net's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1991).

7. S.C. Net shall file its tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order. S.C. Net's tariff shall be modified consistent with its agreement at the hearing.

8. S.C. Net is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.


9. With regard to S.C. Net's resale of services, an end user should be able to access another interexchange carrier or operator service provider if it so desires.

10. S.C. Net shall resell the services of only those interexchange carriers, carriers' carrier, or LECs authorized to do business in South Carolina by this Commission. If S.C. Net changes underlying carriers for its resold long distance service, it shall notify the Commission in writing.


11. S.C. Net shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director
(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL
AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).